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C O N F I D E N T I A L SECTION 01 OF 04 TAIPEI 002617

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SUBJECT: LY ELECTION PREVIEW: THE BATTLE FOR CENTRAL TAIWAN

Classified By: AIT Director Stephen M. Young, Reason 1.4 (b/d)

¶1. (C) Summary: Central Taiwan, a swing region between the Blue north and the Green south, is shaping up as the key battleground in the KMT-DPP competition for seats in the Legislative Yuan (LY) elections on January 12, 2008. Although the KMT enjoys an overall advantage, controlling four of the five local governments and having stronger grassroots organizations, only 2-3 of the 16 LY seats in central Taiwan are considered "safe" for KMT candidates. With a KMT-allied but independent incumbent likely to win another district, DPP and KMT candidates are competing intensely to win the remaining 12-13 contested races. The results in central Taiwan will affect the magnitude of the KMT's expected overall victory in the upcoming LY elections. End Summary.

¶2. (SBU) This cable, one of a series of regional reports in the run-up to the January 12 legislative elections, includes information from meetings with party officials, legislators, and academics. Paras 3-6 discuss Central Taiwan as a whole. Paras 6-11 provide general capsules on each county and city, followed by details on the individual district contests.

¶3. (C) With just under four weeks to go before the election, the KMT retains a modest overall advantage in the legislative races in central Taiwan. The pan-Blue camp has been able to resolve most internal disputes between candidates who won their primaries and losers who had threatened to split the Blue vote by running as independents in some districts. Many legislative races in central Taiwan, unlike the Blue-leaning north and Green-majority south, are likely to remain in play right up to election day on January 12.

Key Blue-Green Battleground...

¶4. (C) With over 5 million residents, a quarter of Taiwan's total population, and 16 of the 73 LY district seats in Taiwan's new electoral system, central Taiwan will be a pivotal battleground in the legislative elections on January 12. Central Taiwan encompasses Taichung City and the Counties of Taichung, Changhua, Nantou, and Yunlin. These areas range economically from one of Taiwan's most prosperous and fastest growing cities, Taichung, to the island's poorest rural county, Yunlin. Traditionally, the Kuomintang

(KMT)-led pan Blue has enjoyed greater support than the Democratic Progressive Party (DPP) and its allies in the region, winning a majority of legislative seats in 2004 and four of the five county magistrate and mayoral races in 2005.

The pan-Blue presidential ticket of Lien Chan (KMT) and James Soong (PFP), however, lost the region to President Chen in 2004 by over 100,000 votes, and central Taiwan is expected to be a crucial battleground in both the January LY elections and the presidential election on March 22.

...Is Largely Up For Grabs

15. (C) In the upcoming LY elections, the KMT has the upper hand in the more populous northern Taiwan (31 seats), while the DPP has an advantage in the less populous south (20 seats). Both parties view central Taiwan (16 seats), a contested swing region, as key to their showing in the upcoming LY elections, the KMT hoping to score a major victory over the DPP, and the DPP hoping to minimize its expected overall losses.

16. (C) Support for the two camps is split relatively evenly in the city and counties of central Taiwan, and a majority of the legislative races are likely to go down to the wire. Taichung County KMT Legislator Hsu Chung-hsiung told AIT that the party's traditional organizational advantage does not guarantee that KMT candidates can win the one-on-one races prescribed by the new single-member district electoral system. At the local level, individual support bases and personal appeal and image will be more important than party affiliation or organizational backing, Hsu explained. As a result, Hsu cautioned that the KMT has to battle to retain at

TAIPEI 00002617 002 OF 004

least a modest majority of legislative seats in this region. Anything less would be a "significant blow" to his party, Hsu stressed. He also pointed out that defeated LY candidates would be less active in mobilizing grassroots support for KMT presidential candidate Ma Ying-jeou, hurting Ma's electoral prospects.

Taichung City (3): KMT Facing Trouble in Blue Stronghold

17. (C) With over 1 million inhabitants, Taichung is Taiwan's third most populous city and is divided into three legislative districts. The popularity of KMT mayor Jason Hu and an urban Blue-leaning electorate is widely thought to give KMT candidates an advantage over their DPP competitors. KMT Taichung City Secretary-General Hung Jung-chang told AIT, however, that despite the Blue majority in two of the three districts, KMT candidates remain at risk in two districts. Hung explained that the pan-Green has fielded strong candidates in all three districts and a former People First Party (PFP) candidate, running as an independent in District 2, threatens to split the pan-Blue vote there. According to Hsu Chung-hsiung, Mayor Jason Hu has made little effort to iron out intra-KMT and pan-Blue conflicts, which are largely driven by personal grudges.

Details on Taichung City Contests:

--District 1 is a Blue-leaning district where Tsai Chin-lung, deputy secretary-general of the KMT legislative caucus, enjoys the advantage of combining a national reputation with stronger grassroots support than the DPP's Michael Tsai (Ming-hsien), former Legislator and former Vice Minister of Defense. DPP internal polls in November, however, showed their candidate lagging behind the KMT by only 3 percentage points, making for a close race.

--District 2 is a strong Blue district where the KMT and PFP have failed in negotiations to field a single pan-Blue candidate. Former PFP Legislator Shen Chih-hui antagonized

the local KMT establishment by running against Jason Hu for mayor in 2005. The local KMT has refused to accommodate her in any way, and Shen has declared she will stay in the race. She will be up against KMT Legislator Lu Hsiu-yen, an image candidate, and DPP Legislator Hsieh Ming-yuan, a DPP Co-founder who has a stronger grassroots support base than either of the two Blue candidates. Despite the Blue split, Lu could possibly win if voters "dump" Shen to "save" Lu, the stronger candidate

--District 3 is the only Taichung city district where the Blue-Green base is evenly split. KMT candidate Daniel Hwang (I-chiao), who left the PFP earlier this year, is nationally known but does not have solid support from the local KMT establishment. His opponent, Ho Min-hao, hails from a long-time local political family and has cultivated a strong grassroots base. Ho left the smaller pan-Green Taiwan Solidarity Union (TSU) in November to run under the DPP banner.

Taichung County (5): Slight KMT Advantage

18. (C) Taichung County, with 1.5 million inhabitants, is the fourth-largest administrative district in Taiwan and will have 5 legislative seats. DPP President Chen narrowly won all five districts in 2004. Subsequently, however, Districts 1-3 voted Blue in the 2004 LY election. DPP Taichung County Staffer Chu Tsai-ching told AIT that District 2 and 4 are uphill battles for the DPP, but the races in the other three districts remain close.

Details on Taichung County Races:

--District 1 is a contest between strong KMT and DPP incumbents. DPP Legislator Tsai Chi-chang, campaigning on policy, image, and personal outreach, is running head-to-head against KMT Legislator Liu Chuan-chung, who enjoys support

TAIPEI 00002617 003 OF 004

from local farmers and fishermen's associations. Internal KMT polls in late November indicated Tsai had overtaken Liu, but the race remains too close to call.

--District 2 is the home base of Nonpartisan Solidarity Union (NPSU) Legislator Yen Ching-piao, a pro-Blue independent with an underworld background who is very influential in Taichung politics. The KMT has not fielded its own candidate, ceding the district to Yen. The DPP has recruited Liu Jui-lung, a former rural township head, but he does not pose a significant threat to Yen's electoral prospects.

--District 3 is Blue-leaning but the pan-Blue went through a bloody primary and post-primary season, with PFP Legislator Feng Ting-kuo bowing out only recently in favor of KMT Legislator Chiang Lien-fu, who is currently under investigation for vote-buying. If Chiang is able to consolidate the Blue camp, DPP candidate Chin Chao-tung, who himself survived a tough and bitter primary, will have difficulty winning this race.

--District 4 is the home turf of powerful Legislator and KMT Central Standing Committee member Hsu Chung-hsiung. A relatively unknown TSU candidate, Kao Chi-tsan, will be carrying the Green colors in this district. Hsu told AIT he has barely "noticed the existence" of his TSU challenger.

--District 5 is narrowly Green-leaning. The contest between DPP Legislator Kuo Chun-ming, who moved over from District 4 to avoid facing Hsu Chung-hsiung, and KMT Legislator Yang Huan-ying, who has strong support from the "military villages" (juan-cun) located in the district, will likely go down to the wire.

Changhua County (4): Could Go Largely KMT

19. (C) Changhua County, with 1.3 million residents and 4 legislative seats, is the most developed and populous of central Taiwan's three other counties. Changhua is a mixture of urban and rural areas. In the 2004 presidential election the DPP took the county by a slim margin of 30,000 votes, but in the subsequent 2004 legislative election KMT candidates garnered the largest share of the votes. Most KMT candidates have deep pockets and have had long political careers at the local level. They appear stronger than DPP rivals in Districts 1-3, but KMT Changhua County Chairman Liao Yi-tien nonetheless suggested the contests are so close that events in the final weeks before election day could affect the results. According to KMT and DPP party officials, Changhua was once dominated by local KMT-associated political factions, but the influence of these factions is on the wane as a result of urbanization and economic development.

Details on Changhua Races:

--District 1 features a three-way race between DPP candidate Ko Chin-te, Chen Hsiu-ching (KMT), and Chen Chin-ting (NPSU). Ko, a New Tide faction protege of former (DPP) County Magistrate Weng Chin-chu, stands to benefit from the candidacy of the NPSU's Chen Chin-ting, a former KMT member who shares an overlapping base of support with KMT candidate Chen Hsiu-ching.

--District 2 pits DPP Legislator Chiu Chuang-chin, an architect with a clean image, against KMT legislator Lin Tsang-min, who has a large war chest amassed from running

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local video game parlors. A third candidate from the TSU, Lin Jao-perng, could eat away at some of Chiu's support base.

--District 3 is the hometown area of DPP Legislator Lin Chung-mou, who moved back to Changhua from Taipei City in hopes of improving his reelection chances. KMT candidate Cheng Jen-fu is a county councilor and daughter-in-law of a local political powerbroker. Her family controls the county cable television business, which is under investigation for possible corruption. A third, independent candidate is not seen as a major factor in the race.

TAIPEI 00002617 004 OF 004

--District 4 is the only Changhua district where the DPP candidate, Legislator Charles C. Chiang (Chao-i), appears to be stronger than his KMT challenger, Hsiao Ching-tien. Hsiao is handicapped by a split within the KMT camp since the two KMT legislators he defeated in the primary are running as independents.

Nantou County (2): One Seat Best Outcome for DPP

10. (C) Nantou, Taiwan's only landlocked county, has a population of 510,000, two legislative seats, and an economy centered on the Sun Moon Lake tourist industry. KMT and DPP officials both estimate that Blue voters outnumber Green voters by a 55-45 margin. With redistricting, the voter population is now split into two districts, one that leans Blue, the other Green. DPP and KMT party officials told AIT the KMT is likely to take District 1 while the DPP is in the lead in District 2.

Details on Nantou Contests:

--District 1 will almost certainly go to KMT Secretary-General Wu Dun-yih, known locally as the "ballot

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machine." Wu faced no KMT challengers in the spring primary and is running against DPP Legislator Lin Yun-sheng. Lin originally hailed from this district but ran, and lost, in the DPP primary for District 2. Subsequently, the DPP recruited Lin to run in this district, though his chances of victory appear slim.

--District 2 is a contest between DPP Legislator Tang Huo-shen, who enjoys a clean image, and KMT Lin Ming-chen, a county councilor and former County Tourism Bureau Direct. Although Tang is seen to have a slight edge since this is a Green-leaning area, Lin enjoys strong backing from the Blue supporters in this district who worked for the now defunct Taiwan Provincial Government.

Yunlin County (2): Battling Factions

¶11. (C) Local factions are especially important in Yunlin, one of Taiwan's poorest and most rural counties. Yunlin voted 60-40 in favor of the DPP presidential ticket in 2004 and also elected a DPP magistrate in 2005, the only county in central Taiwan to do so. A plethora of candidates from several small parties and independents have registered to run for the two legislative seats. The races, however, are primarily a competition between two candidates backed by current (DPP) Magistrate Su Chih-fen and two backed by former (KMT) Magistrate Chang Jung-wei, a local powerbroker who was previously imprisoned for corruption. The DPP and KMT are expected to split the county, each winning one seat.

Details on Yunlin Races:

--District 1 pits KMT candidate Chang Chia-chun, the 28-year old daughter of former Magistrate Chang Jung-wei, against DPP Legislator Chen Hsien-chung, who has the backing of Magistrate Su Chih-fen and his own local powerbase. This district has generally voted for Blue candidates in past elections.

--District 2 originally threatened to be a free-for-all with two pan-Blue and two pan-Green candidates, but the KMT has now unified behind a single candidate, Chang Shuo-wen, who previously served as a secretary to former Magistrate Chang Jung-wei and is the son of a former chairman of the County Farmer's Association. DPP candidate Liu Chien-kuo, a protégé of current Magistrate Su, faces the possibility that independent Legislator Yin Ling-ying, formerly of the TSU, will siphon off enough Green votes to cost him the election in a district that has generally favored Green candidates in the past.

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